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July 1, 2004

Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 96-128
Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996

Dear Ms. Dortch:

Pursuant to the Commission Report and Order, CC Docket 96-128 released October 3, 2003, SBC, the Local Exchange Carrier (SBC-West, SBC-Southwest, SBC-Midwest and SBC-Connecticut) submits the attached SBC Payphone Per Call Compensation System Audit Report which was completed by Engel Consulting Group.

As required in Section 64.1320(e) of the Order, SBC provides the name, address and phone number for the person(s) responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation.

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If you have any questions, please contact Toni Acton at 202-326-8843.

Sincerely,

/s/ Toni R. Acton

Attachment



Independent Accountant's Report

We have examined management's assertions, included in the accompanying "SBC Audit Assertions – Payphone Per Call Compensation (PCC) Processes," that SBC, the Local Exchange Carrier (LEC) as represented by Finance Operations complied with the following factors in establishing a call tracking system pursuant to section 64.1310(a)(1) of the Final Rules of the FCC's Report and Order of October 3, 2003 (CC Docket No. 96-128) in the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996:

- (1) The Completing Carrier's procedures accurately track calls to completion
- (2) The Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls
- (3) The Completing Carrier has effective data monitoring procedures
- (4) The Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability
- (5) The Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers
- (6) The Completing Carrier has procedures to incorporate call data into required reports
- (7) The Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes
- (8) The independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial
- (9) The Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones, (ii) identify compensable payphone calls, (iii) identify incomplete or otherwise noncompensable calls, and (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

SBC (the LEC¹) Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about SBC's, compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about SBC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on SBC's compliance with specified requirements.

In our opinion, management's assertions that SBC complied with the aforementioned requirements is fairly stated in all material respects.

Engel Consulting Group
July 1, 2004

¹SBC as referenced in this letter is limited to SBC as a LEC and does not refer to SBC Long Distance or any other affiliate of SBC or SBC Companies.



SBC Payphone Per Call Compensation System Audit Report

June 30, 2004



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1.0 Introduction

SBC, the Local Exchange Carrier, engaged the services of the Engel Consulting Group to perform an audit of the processes and procedures used by SBC Finance Operations to pay Payphone Service Providers (PSPs) Per Call Compensation (PCC) for originating IntraLATA toll free subscriber payphone calls. This examination is in accordance with the Federal Communications Commission (FCC) Report and Order in Docket No. 96-128 dated October 3, 2003, which requires an independent third-party audit and opinion of a Completing Carrier's call tracking system for payphone compensation prior to the July 1, 2004 effective date of the rules as amended in Sections 64.1300, 64.1310, and 64.1320 of the Code of Federal Regulations.

2.0 Executive Summary

The audit plan was based on the documented assertions by SBC Management of compliance with the call tracking system criteria outlined in *Appendix C – Final Rules* of Docket No. 96-128 and the amended Section 64.1320 of the Code of Federal Regulations. A test plan, which mapped a specific validation test with the SBC assertions, was created and data requests were fulfilled which allowed for the sampling of payphone call detail records and service order data to validate the end-to-end process.

The audit team processed call detail records for selected Payphone ANIs for one month in each Region to validate the criteria for identifying and tracking compensable payphone calls. Using the business rules outlined in the SBC documentation, compensable call files were independently created by the audit team and compared with the actual SBC results for the selected ANIs for that same period. In addition, a sample of completed Payphone Service Orders was compared with the data in the SBC ANI Database to validate the controls for ANI data. Detailed process reviews followed by demonstrations of the control procedures were conducted to validate the call tracking, dispute resolution, and error management processes.

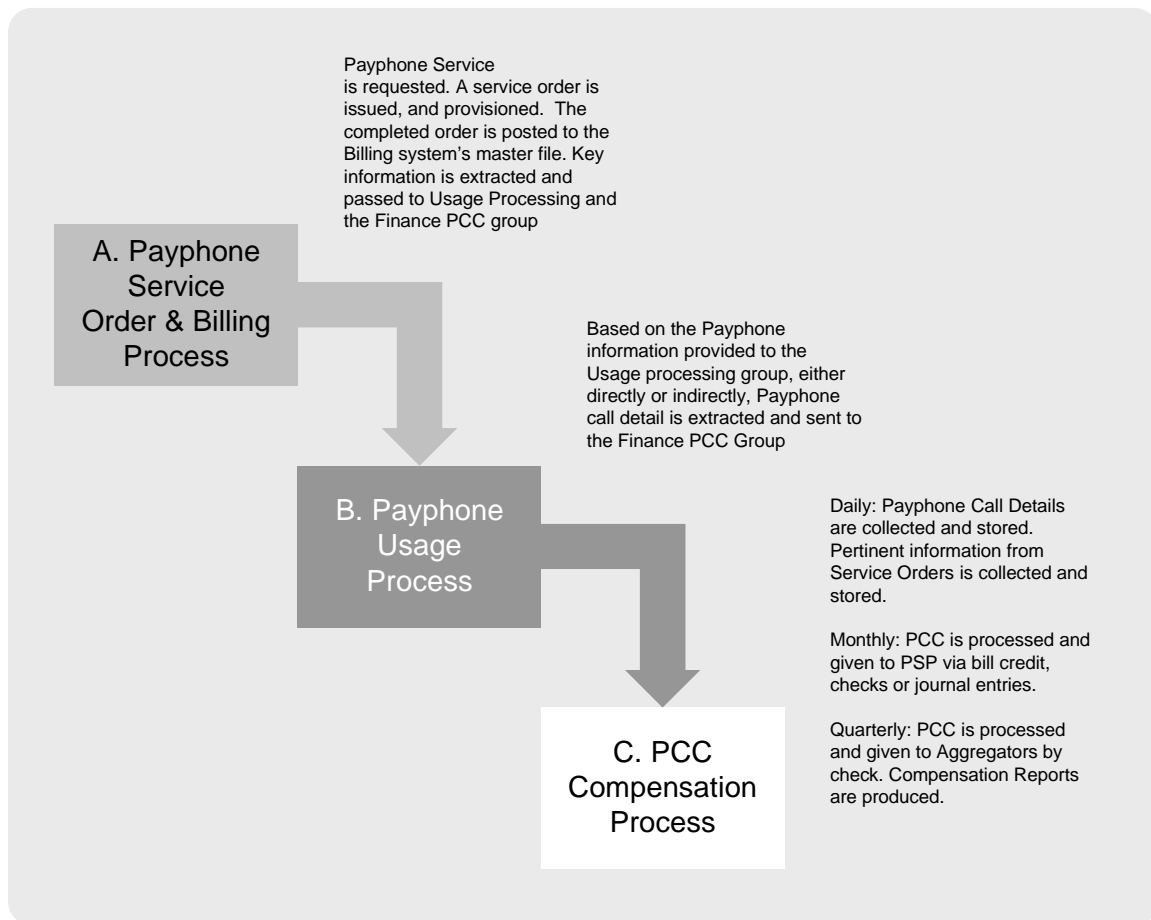
Based upon the data and procedures examined during the audit process, the audit team concludes that the requirements specified in the FCC nine point compliance criteria contained in Appendix C – Final Rules have been satisfied. SBC's assertions of compliance with the FCC criteria specified in Section 64.1320 of the Final Rules are fairly stated and the audit team attests that the SBC call tracking system accurately tracks payphone calls to completion.

3.0 Audit Approach

The SBC documented assertions of compliance with the FCC call tracking system criteria were used as the basis upon which the audit plan was developed. A matrix was developed which mapped the assertions to specific tests designed to validate SBC's compliance with the FCC criteria. The Audit Plan and Compliance Test Plan Matrix are included in Appendices B and C respectively. The testing focused on the three key processes within the SBC PCC system:

- Payphone Service Order and Billing
- Payphone Usage
- Payphone Per Call Compensation





3.1 Audit Test Plan

The audit test plan was divided into two sections, the first encompassing the tests to be conducted in each Region and the second consisting of the validation tests for the common processes within the SBC PCC function. The following table maps the test plan with the compliance criteria specified by the FCC:

Test Descriptions and FCC Criteria

#	Region-Specific Tests	FCC Compliance Criteria
2	End-to-End Comparison of Engel compensable call file for selected ANIs with SBC PCC Results	(1) SBC accurately tracks calls to completion (5) SBC creates compensable call files by matching call details with payphone identifiers (9) SBC has effective business rules for (i) identifying calls originated from payphones, (ii) identifying compensable payphone calls, (iii) identifying incomplete noncompensable calls, and (iv) determining the identities of payphone service providers to which (8) SBC has critical controls and procedures to ensure errors are insubstantial
3	Comparison of AMA and Call Detail records against Test Call Sample	(1) SBC accurately tracks calls to completion (9) SBC has effective business rules for (i) identifying calls originated from payphones,

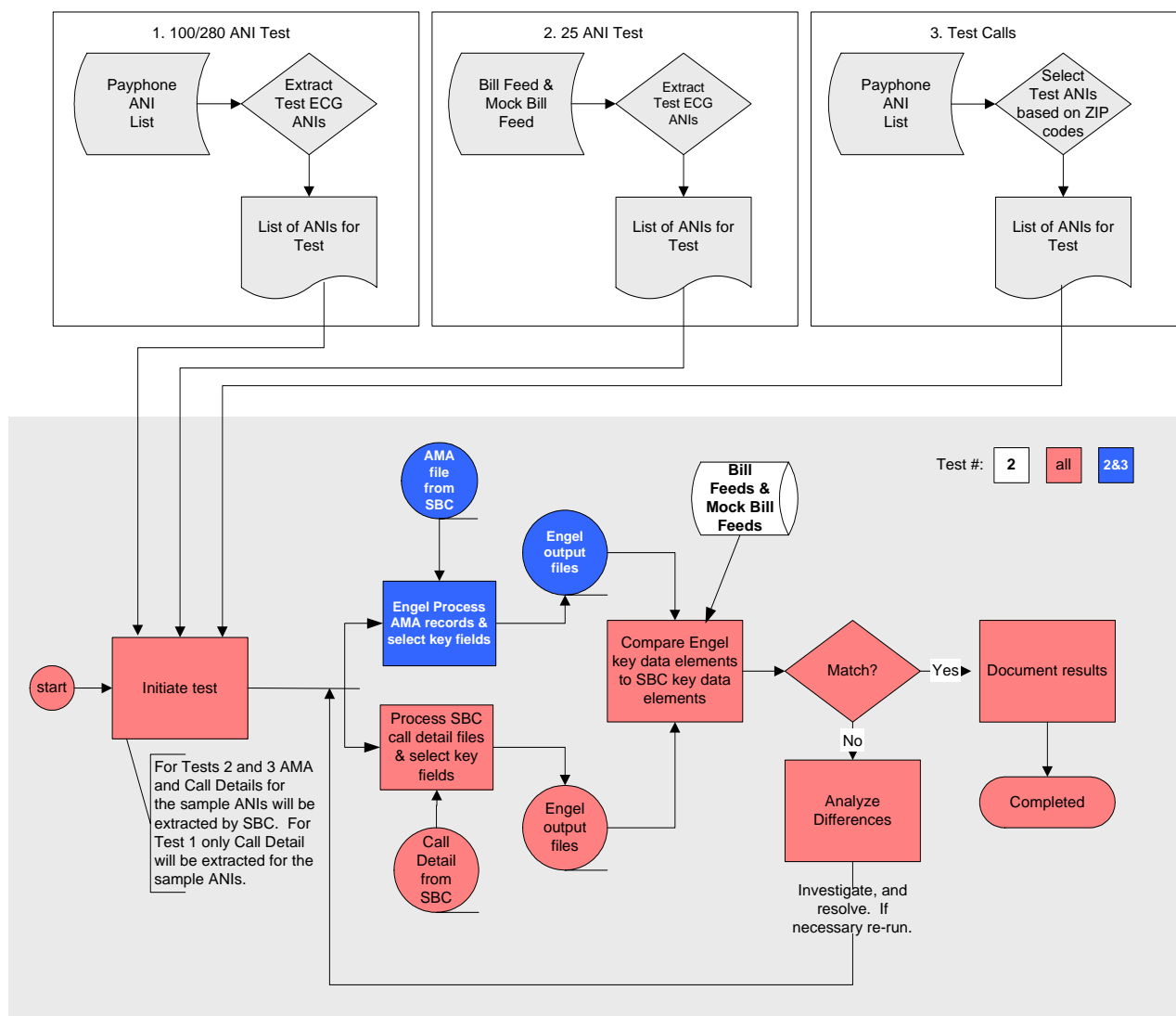
#	Common Process Tests	FCC Compliance Criteria
1	Comparison of Service Order Data Extract with PCC ANI Database	(3) SBC has effective data monitoring procedures
4	Examination and validation of SBC Dispute Resolution process and PCC organizational structure	(2) SBC has persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls (7) SBC has implemented procedures and controls to resolve payphone compensation disputes
5	Examination and validation of SBC data tracking and error management processes	(3) SBC has effective data monitoring procedures (8) SBC has critical controls and procedures to ensure errors are insubstantial
6	Examination and validation of SBC change management and random sampling procedures	(4) SBC adheres to established protocols to ensure changes do not adversely affect its payphone call tracking ability
7	Examination and validation of SBC quarterly PCC reports process	(6) SBC has procedures to incorporate call detail into required reports

3.1.1 Region-Specific Test Description

The region-specific testing followed one of the three paths depicted on the “Region Specific Tests Process Flow” diagram shown below.

ANIs (the unique telephone numbers of the payphones) were selected, forwarded to SBC with a request to extract AMA records, call detail records or both (Midwest test call validation). The Engel Consulting Group, using the SBC business rules to produce a “created compensable file”, independently processed the SBC data files. The created compensable file and the SBC compensable files were compared and mismatches were investigated. For a more detailed description of the process, see the discussion below.

Region Specific Tests Process Flow



SBC provided a high level description of the five-step process for Per Call Compensation:

- Step 1 – Identify PSP ANIs (Daily)
- Step 2 – Capture Call Detail (Daily)
- Step 3 – Run Compensation Edits and Rules (Monthly)
- Step 4 – Process Payments (Monthly and Quarterly)
- Step 5 – Produce Compensation Reports (Quarterly)

While all four SBC regions follow essentially the same process, it was decided that the validation testing would be conducted using data from each of the regions to ensure that any differences were accounted for.

For the region-specific tests, the audit team created “compensable call files” from AMA and call detail records using the SBC business rules for identifying calls originating from payphones and distinguishing compensable from non-compensable calls. This was accomplished by first selecting a controlled sample of 25 ANIs from each region from the Payphone ANI lists and the April 2004 PCC files, including feeds for bill credits and “mock bill feeds”¹ for check payments and SBC Public compensation. The sample represented ANIs where per call compensation had been applied as well as where no per call compensation had been paid across the Private, Competitive Local Exchange Carrier (CLEC), and Public universes. AMA Data and Call Detail Record files for the entire month of April were then provided for all calls originating from the sample ANIs from SBC-Midwest, SBC-Southwest, and SBC-West. First validating and then replicating the SBC business rules, compensable call files were created from both the AMA and call detail files, compared with each other and then compared with the PCC actual files from April.

AMA data was chosen for the 25 ANI testing because it is the raw form of the data that is eventually used to determine PCC. Using this data enabled the audit team to independently replicate SBC processing. Using AMA data as the input and compensable calls as the output resulted in an end-to-end testing of the SBC PCC process.

Once it was validated that the AMA records for compensable calls matched the call detail records, a larger sample of ANIs was selected. To increase the confidence level in the results call detail records in the Midwest were provided for all originating calls from a statistically valid sample of 280 ANIs and a compensable call file was created for comparison against the SBC PCC results. When the process was validated in the Midwest, the call detail records were processed for all originating calls from a sample of 100 ANIs in each of the Southwest and West regions.

Because of the high match rate results in the first three SBC regions for the AMA and call detail file comparisons against the PCC results, it was decided to focus the testing in the SNET region to the compensable file created from the call detail for a sample of 25 ANIs.

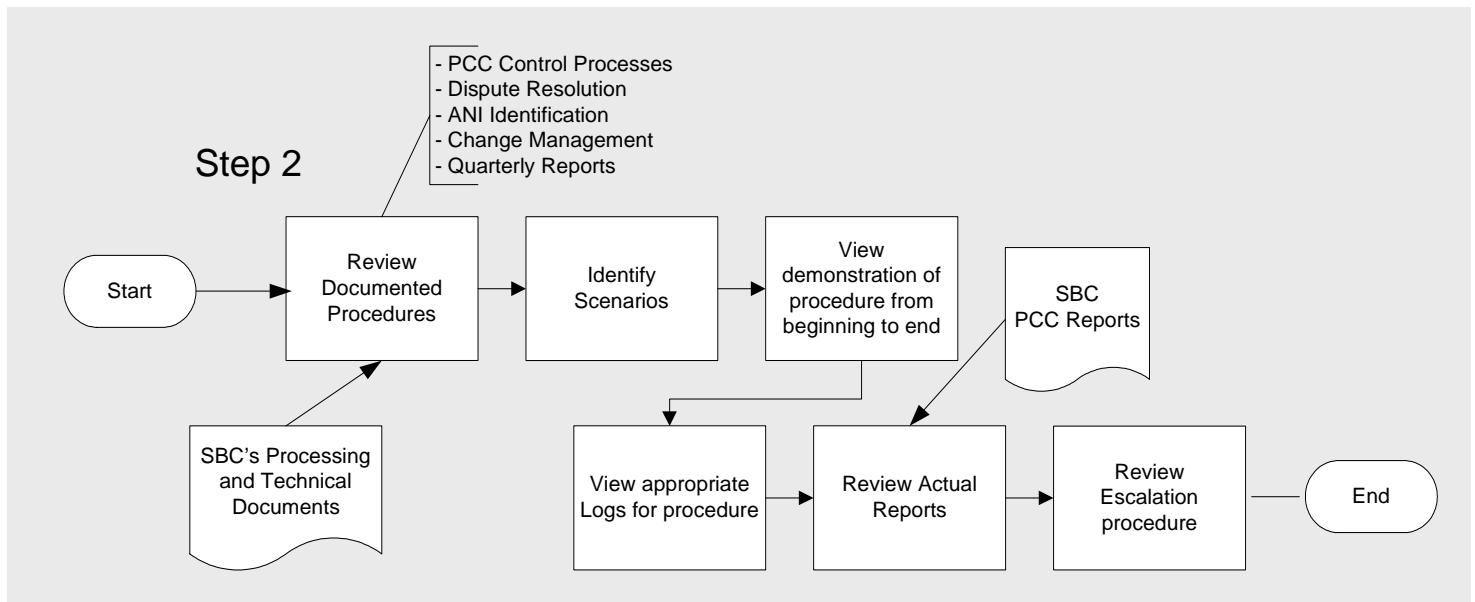
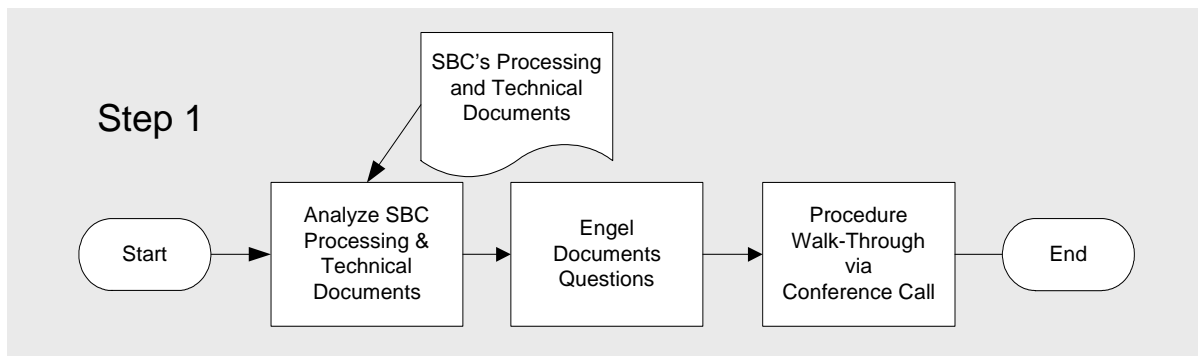
An additional validation of the SBC process for identifying and tracking payphone calls was conducted in the Midwest where test calls were placed from Private, CLEC, and Public Payphones. The AMA data and call detail record files for those originating ANIs were processed for comparison with the test call results.

¹ The term “mock bill feed” is used to describe the condition where normal check or journal information has been reformatted to resemble a bill credit feed. This was done for consistency in mechanical processing.

3.1.2 Common Process Test Description

There are some PCC sub-processes within SBC that are not unique to a specific Region and include the control procedures, dispute resolution, identification of payphone ANIs, change management and PCC reports generation. These processes were validated for compliance with the FCC criteria through an examination of the SBC process documentation, control reports and system alerts; detailed process walk-throughs, and demonstrations of the procedures including the logging, tracking, and resolution of live disputes. The generic methodology used to review and evaluate the common processes is shown in the diagram below. Only those activities relevant to the individual common process being evaluated were included in the test. In addition, the testing of the control for ANI data integrity was performed by comparing key elements of service order information from the billing system from the Midwest and Southwest regions with key data fields from the PCC ANI database.

Common Processes Test Flow



4.0 Results Summary

4.1 Region-Specific Tests

The objective of the Region-Specific tests was to validate SBC compliance with the following factors related to the call tracking system pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(1) Whether the Completing Carrier's procedures accurately track calls to Completion;

Section 64.1320(c)(5) Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers;

Section 64.1320(c)(9) Whether the Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation; and

Section 64.1320(c)(8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial

The results are detailed by individual Region.

4.1.1 SBC-Midwest

SBC Midwest - Per Call Compensation Statistics

Payphones		Compensated Payphones		25 ANI Sample		280 ANI Sample	
		ANIs	Calls	ANIs	Calls	ANIs	Calls
Public	126,514	19,390	107,522	4	66	46	135
Private	22,169	3,206	22,253	18	48	186	643
CLEC	16,096	3,198	28,641	3	21	48	332
Total	164,779	25,794	158,416	25	135	280	1,110

25-ANI Sample

- All 8YY subscriber toll free calls eligible for PCC were included on the SBC PCC files (i.e. bill feed, "mock" bill feeds)
- All of AMA compensable calls matched the call detail compensable calls for the month of April
- In the initial comparisons with the PCC files, the created compensable call files reflected a smaller number of credits for seven ANIs. Analysis of the call detail behind the bill feeds determined that compensation for non-commissioned 0+ calls was included in addition to the 8YY toll free subscriber calls. Once those calls were removed from the compares, the number of credits matched across all files.

280-ANI Sample

- All subscriber toll free calls eligible for PCC were included on the SBC PCC files (i.e. bill feed, and “mock” bill feed)
- In the initial comparisons, the created compensable call files from the call detail records matched the PCC files for 190 of the 280 ANIs in the sample. The mismatches were caused by 1) inclusion of 0+ calls compensable for reasons other than 8YY toll free subscriber compensation, 2) compensation for delayed usage from prior months, 3) an account and its associated PCC “on hold,” and 4) an incorrect entry in the 8YY exclusion table. The first three situations are normal in the course of the business; the 8YY exclusion table had since been updated and supporting processes have been changed to prevent a reoccurrence.

Test Calls

- AMA records were created for every completed test call
- The call detail records included all of the compensable test calls
- The completion indicator on the call detail records contained the correct value
- The fields on the extracted AMA records were consistent with AMA industry standards

Engel Initiated Test Calls

Test Calls		
Service Class	ANIs	Calls
Public	16	28
Private	9	29
CLEC - UNE-P	24	51
Total	49	108

4.1.2 SBC-Southwest

SBC Southwest - Per Call Compensation Statistics

Payphones		Compensated Payphones		25 ANI Sample		100 ANI Sample	
		ANIs	Calls	ANIs	Calls	ANIs	Calls
Public	87,072	23,714	148,660	8	117	20	43
Private	7,741	3,061	22,765	8	22	60	494
CLEC	34,855	17,425	131,010	9	52	20	112
Total	129,668	44,200	302,435	25	191	100	649

25-ANI Sample

- All compensable 8YY toll free subscriber calls from AMA and the call detail records matched the call counts from the PCC files (bill feed, “mock” bill feeds)

100-ANI Sample

- All compensable 8YY toll free subscriber calls from the call detail records matched the call counts from the PCC files (bill feed, “mock” bill feeds)
- One account changed ownership in mid-month and the PCC credits were applied correctly to the appropriate owner

4.1.3 SBC-West

SBC West - Per Call Compensation Statistics

Payphones		Compensated Payphones		25 ANI Sample		100 ANI Sample	
		ANIs	Calls	ANIs	Calls	ANIs	Calls
Public	75,534	37,176	439,890	5	68	20	175
Private	18,852	11,206	196,322	15	298	60	1,154
CLEC	44,426	310	4,898	5	207	20	1,127
Total	138,812	48,692	641,110	25	573	100	2,456

25-ANI Sample

- The compensable 8YY toll free subscriber calls matched the call counts from the PCC files for bill credits. Initial mismatches for four ANIs were caused by a change in PSP ownership during April and the quarterly CLEC compensation checks had not yet been processed. The mismatches were resolved once the call detail behind the quarterly checks was compared with the compensable call file.
- There were five ANIs with compensable calls reflected on the AMA file without corresponding call detail records. Upon further analysis, it was determined that these calls had erred out of the process and were under investigation. Once the errors were resolved, the calls would be re-circulated through the normal process.

100-ANI Sample

- The compensable 8YY toll free subscriber calls matched the call counts from the PCC bill credit files. PSP ANI ownership changes, as described in the 25-ANI analysis above, resulted in mismatches for twelve ANIs which were resolved upon further investigation.

4.1.4 SBC-SNET**SBC SNET - Per Call Compensation Statistics**

Payphones		Compensated Payphones		25 ANI Sample	
		ANIs	Calls	ANIs	Calls
Public	14,382	10,319	114,458	10	71
Private	1,623	1,388	13,051	15	72
Total	16,005	11,707	127,509	25	143

25-ANI Sample

- The compensable call counts for 13 of the ANIs were higher on the bill credit feeds than on the created compensable file from the call detail records. After analysis of the call details comprising the bill feed, it was determined that the mismatches were due to delayed usage from prior months not being compensated until April.

4.1.5 Region-Specific Results Summary

For the selected ANIs, all Per Call Compensation paid during the study month was correct and the AMA call records conformed to industry standards. All mismatches from the initial data file compares were resolved upon further investigation.

4.2 Common Process Validation

4.2.1 Process Controls

Objective

The objective of the process control validation was to determine SBC's compliance with the following factors related to the call tracking system pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(3) Whether the Completing Carrier has effective data monitoring procedures; and

Section 64.1320(c)(8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial

Approach

The focus of this validation was to review key control procedures and reports to ensure the completeness and accuracy of the SBC PCC processes and to verify that SBC had procedures for monitoring payphone data as well as identifying and resolving errors.

The first level of review of the controls was accomplished when the Region-specific tests, described in Sections 3.1, were completed with the results detailed in Sections 4.1. The region-specific tests were executed using SBC mainstream operations, such as AMA recordings, AMA call collection, mediation, service order issuance, provisioning, and call detail record processing. As a result of these successful tests, the controls in the systems were indirectly confirmed.

In addition to implicitly reviewing the controls through the service order, call, and bill tracking tests, specific activities were scheduled to examine other control procedures and reports within SBC Finance Operations. The control areas reviewed and validated fell into the categories of Daily, Monthly, and Quarterly. The approach was to review existing key control reports with their support procedures and to participate in a demonstration walk-through of how different scenarios would be managed.

Results

Extensive controls have been established at all levels and in all phases of the PSP Per Call Compensation Process. The controls range from the normal system controls that monitor the accuracy of the millions of transactions flowing through SBC operations to very specialized PCC controls that zero in on unique PCC situations. The controls within the Finance Operations PCC organization are assessed and updated as needed. Some of the controls are mechanized while others are manual.

Daily Controls

SBC has in place daily controls to allow them to monitor the PCC process in a manner that ensures that the results are complete and accurate. Daily controls include, but are not limited to, the control aspects of the following:

- Volume tracking – Call files are mechanically tracked and the results manually reviewed.
- Deviation and Variance Reports – Deviation alerts are issued when volumes are outside the acceptable deviation range and the situations are investigated to determine the cause.

- Duplicate or missing files – Based on sequence numbers and other file identifiers, duplicate or missing files are identified.
- File Integrity – Edits are made to ensure Headers and Trailers are not missing or skipped. Threshold checks are made to ensure accuracy of the results.
- Data validation - Edits are made on call detail records and erroneous or missing call detail is identified.
- Process Logs – Logs are maintained for key processes
- Fraud detection – As a standard operating procedure, input records per PSP ANI are reviewed for fraudulent patterns and are investigated for illegal practices.

Monthly and Quarterly Controls

In addition to the daily controls, SBC has Monthly and Quarterly Controls that have been established to look at the end results of activities over a longer period of time. Some of these controls involve samples while others include complete file reviews including call record compares, traffic pattern analysis, eligible payphone USOC updates, ANI compares, and posted credit verification. Deviations are also reviewed at a monthly and quarterly level.

Summary

The Control procedure examination and validation and the results of the region-specific PCC testing enabled the audit team to conclude that SBC Finance Operations PCC has implemented adequate controls at multiple levels and at different points in time to allow for monitoring of the Payphone data in the call tracking processes. Additionally, the controls to identify errors and data anomalies and to resolve the problems are well established.

4.2.2 Dispute Resolution

Objective

The objective of the Dispute Resolution effort was to verify SBC's compliance with the following factors related to the call tracking system pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(2) Whether the Completing Carrier has a person or persons responsible for the tracking, compensating, and resolving disputes concerning payphone completed calls; and

Section 64.1320(c)(7) Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.

Approach

The audit team reviewed the SBC Dispute Resolution Process documentation and associated organizational responsibilities. The SBC Finance Operations organization conducted a process walkthrough and a follow-up meeting to address questions. The audit team also observed actual disputes handled in a real-time mode, examined dispute logs, and traced a sample of disputes from the time of initiation through to resolution.

Analysis

There are a wide variety of issues addressed by this organization including identifying payphone telephone numbers, explaining compensable versus non-compensable calls, and answering general questions

regarding PSP compensation and the timing of payments in addition to the receipt, processing, and resolution of disputes over the amount of compensation.

SBC maintains logs for Per Call Compensation disputes and has created a separate tracking mechanism for the quarterly PCC report requests. In examining the dispute logs and tracing a sample of disputes through the process, it became evident that many of the communications with PSPs that are logged as disputes are not disputes per se but rather inquiries regarding the compensation process itself, payment dates, etc. However, all contacts by PSPs to SBC are received and handled using the dispute resolution process detailed in Appendix D.

Although the preferred method of communicating is email, most disputes are initiated via the Hotline, a telephone number made available to PSPs. Details as to time the call was received, PSP name, description of the dispute and the SBC person logging the call are entered. As a part of the process review, SBC demonstrated retrieving live messages from the Hotline, contacting the PSP, attempting to resolve the issue and performing the appropriate logging.

Summary

The review of SBC's organization and processes relative to processing Per Call Compensation disputes from PSPs revealed that SBC has an organization of sufficient size and expertise directly responsible for resolving disputes concerning payphone completed calls. In addition, procedures and controls are in place and sufficiently documented to resolve payphone compensation disputes.

4.2.3 Identification of Payphone ANIs

Objective

The objective of this validation was to ensure that SBC's had implemented the procedures to identify payphone ANIs and transfer the information to other key processes, related to the call tracking system pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(9) Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

Approach

Data from a sample of completed Payphone service orders from the Midwest and Southwest Regions was compared with information for selected ANIs from the PCC ANI database to determine if Payphone ANI information was being accurately selected in the Billing system and passed downstream to Finance Operations. A combination of all types (new connects, disconnects, change) of service orders was included in the review. The 25 ANI region-specific tests, the 100/280 ANI region-specific tests and, on a small scale, the Midwest region test calls contributed to the verification of payphone ANI identification.

Results

As the table below indicates, 111 out of 112 sampled service orders were validated. One service order could not be validated as it was awaiting correction in an error file. The validated service orders contained the appropriate payphone class of service information and matched the Finance Operations ANI database.

Service Order Sample

	Count of S/Os	Validated
Midwest	87	87
Southwest	25	24
Total	112	111

While the Finance Operations ANI database is a parallel table used for control and not an integral part of the PCC mainstream process, the accuracy of the table does represent the ability of the systems to accurately identify and communicate key ANI information. The overall flow of service order information is shown in Appendix F – Payphone Service Order & Billing Process.

The 25/100/280 ANI region-specific tests, as described in Section 4.1, were the most comprehensive demonstration of ANI identification. The tests clearly showed that ANIs were identified as Payphones in the Service Order and Billing processes through the Payphone Class of Service USOCs. The pertinent ANI information was then fed downstream to the Usage and Payphone Compensation Processes. The region-specific tests included the tracing of 5,365 calls originated from approximately 580 Payphone ANIs through the SBC systems. The 8YY compensable calls were tracked to the PCC call detail file, the Bill Credit feeds, Mock Bill credit feeds, or the actual bills. These tests affirmed that Payphone ANIs can be accurately identified.

The test call results added further support to SBC's ability to identify payphone ANI. The calls were made from random locations within the auditors' work area. All calls made from these payphones were accurately identified as payphone calls and were traced from the AMA recording to the call detail database.

Summary

The processes and system linkages in place within SBC are sufficient for identifying Payphone ANIs for Per Call Compensation.

4.2.4 Change Management

Objective

The objective of the review of SBC's Change Management process was to ensure that changes do not adversely affect its call tracking ability, pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(4) Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability

Process Review

The Finance Operations organization is routinely notified and participates in the normal change management communication process. Change notifications are received for any change affecting the telephone number, AMA and EMI billing records that could impact Finance Operation's data feeds. Changes are reviewed for their potential impact on PCC processing. Special attention is paid to network changes that could impact the 10-digit telephone number, such as Numbering Plan Area (NPA) splits. The group monitors the progress of network changes, if appropriate.

After an NPA split occurs, reports are generated and reviewed to ensure that the change did not adversely affect SBC's ability to identify, collect and track payphone calls. Daily controls as discussed in section 4.2 above are used to identify potential issues that may have been associated with a change. Monthly and quarterly controls are used to identify potential latent change related issues. Each month, 100% of the completed service orders are checked against the payphone ANI list. Random sampling of AMA and call detail records is performed at least quarterly. Both of these checks have uncovered minor issues resulting from software changes that were then addressed by Finance Operations.

System alerts are issued as necessary to warn the Finance organization of possible data issues. These are analyzed to assess impacts and take appropriate action, if necessary.

Also, the Finance Operations group has an established policy of cross-training each of its key managers to ensure personnel changes or temporary absence do not adversely affect its call tracking ability.

Summary

Change management processes relative to software, network and personnel changes are considered adequate to ensure that these factors do not adversely affect SBC's ability to accurately track payphone calls and to properly compensate PSPs.

4.2.5 Quarterly PCC Reports

Objective

The objective of this validation is to ensure SBC compliance with the following factor related to the call tracking system pursuant to Section 64.1310(a)(1) of the FCC's final rules, specifically:

Section 64.1320(c)(6) Whether the Completing Carrier has procedures to incorporate call detail into required reports

Process Review

SBC has sent letters to all PSPs in their territory advising of the new quarterly PCC reports which will be available following the 3rd Quarter 2004 and requesting the PSP preference as to receipt of the report, and distribution medium (email, CD-ROM, hard copy, fax.) The PSP responses are being logged and tracked and Finance Operations has been fielding calls to their Hotline regarding questions about the reports.

To validate SBC compliance with the requirement for procedures to incorporate call detail into the reports, a preliminary report was created for a PSP who had responded to the letter from SBC with a preference for an email report. The audit team observed how the 8YY toll free subscriber calls from the bill feeds and from the call detail records for the first quarter of the year were captured along with the 8YY number dialed for each ANI and reflected on the quarterly report.

Summary

The procedures to incorporate the key elements from the call detail records and bill feeds into the quarterly reports are sufficient for SBC to provide the reports to the PSPs. Because PSP reports will not be distributed until 3rd quarter 2004 data is available, there was no way to validate the various distribution options but no evidence was encountered that would prevent the reports from being implemented as planned.

5.0 Audit Conclusions and Findings

Based on the results of the detailed examination and testing of calls originating from approximately 580 Payphones for a one month period, the audit team concludes that the SBC Per Call Compensation process for IntraLATA 8YY subscriber toll free calls is complete and accurate. SBC region-specific procedures are sufficient to accurately capture all compensable calls and retain them for end of month and end of quarter processing as well as in support of inquiries and disputes. The SBC common processes are adequate to identify and maintain the PSP ANI lists, accurately handle ANI ownership changes, store and extract compensable calls from the call tracking database, handle disputes or customer inquiries, produce reports, and satisfactorily monitor and control the end-to-end compensation data flow.

SBC's assertions of compliance with the FCC criteria specified in Section 64.1310 of the Final Rules are fairly stated and the audit team attests that SBC's call tracking system accurately tracks payphone calls to completion.

5.1 Contact Information

Please direct any questions regarding this audit to SBC, the LEC Finance Operations:

- Email (PCCDISPUTE@sbcc.com)
- Hotline (866-556-5055)

6.0 Appendices

<u>Appendix</u>	<u>Document</u>
A	SBC Assertions
B	Audit Plan
C	Test Matrix
D	Dispute Resolution Process
E	Organization Chart
F	SBC Process Flows
	F.1 High Level
	F.2 Service Order and Billing
	F.3 Usage
	F.4 Per Call Compensation